DAWN

OPINION

Governance failure

THE IMF's long-awaited *Governance and Corruption Diagnostic Assessment* report on Pakistan is a grim analysis of the country's persistent corruption challenges, rooted in systemic weaknesses and chronic governance failures across state institutions, which stifle economic goals. The report finds that institutional weaknesses, lack of transparency in state functions, preferential treatment for select businesses, and inefficiencies in public-sector transactions are major constraints to growth. The document's publication, a precondition for the IMF's approval for disbursing the next $1.2bn loan tranche in December, also calls for a series of reforms spread across the next three to six months to help raise the growth rate to 5-6.5pc over the next five years. It provides a detailed diagnostic of Pakistan's inefficient and opaque tax system, SOE mismanagement, a judiciary hampered by antiquated laws hindering contract enforcement and property rights, politically driven financial discretion, and weaknesses in anti-corruption regimes. It questions the lack of transparency in the functioning of the Special Investment Facilitation Council and the immunity granted to its officials. No wonder the government had been delaying its publication despite repeated reminders from the IMF.

At the core of the *GCDA* is the argument that our poor economic performance is closely linked to opaqueness and discretionary practices that shape governance and policy outcomes. Thus, the report's contention that effective reforms must begin with expanding access to information to anchor transparency and accountability across policy formulation, implementation and monitoring, and enable both state and non-state actors to participate more effectively in economic decision-making, should not be ignored. Without a shift to rules-based governance, the weaknesses will continue to suppress growth. The accompanying 15-point reform agenda reinforces this argument. Broadly, the reforms aim for improvements in governance, anti-corruption frameworks, business regulations and foreign trade oversight as prerequisites to unlocking growth potential. The recommendations directly target institutional arrangements that entrench discretion and weaken market and investor confidence. They are aimed at ending preferential treatment for powerful public-sector entities; bringing transparency to SIFC decision-making and its approval of concessions for select businesses; tightening controls on financial discretion through greater parliamentary oversight; mandating e-governance procurement for state transactions; and restructuring anti-corruption agencies.

In short, the *GCDA* underscores that the current governance model based on opacity, discretion, privilege, institutional and legal decay, and political patronage cannot serve the best economic interests of the people. The difficulty is that Pakistan's power centres as well as policy and business elites do not yet appear ready to give up their privileges and embrace the change even though time is fast running out for crucial, make-or-break decisions. Will the IMF diagnostic change that? The jury is out.

Haphazard growth

KARACHI may be Pakistan's largest city and its economic engine, but the metropolis suffers from a poor quality of life for the teeming millions who call it home. This is mainly due to official neglect, manifested in the form of crumbling infrastructure, high pollution levels, and violent crime. Yet the city is due to expand in the decades to come, and unless there is commensurate planning to cope with this growth, an even more unliveable urban hell awaits future generations. According to the UN's *World Urbanisation Prospects 2025* report, Karachi could be the globe's fifth most populous city by 2050, with a population of around 33m. This is in keeping with the worldwide trend of rapid urbanisation. But as Karachi expands, its services and infrastructure are not growing apace. As per the Economist Intelligence Unit's ranking from earlier this year, it is amongst the world's five least liveable cities. If this dubious distinction is to change, much work is needed at the official level.

The Sindh government has said that the 'Greater Karachi Regional Plan, 2047' will be ready within two years. There is, of course, much to address: damaged roads, water shortages, a broken sewage system, encroachments, lack of integrated public transport, etc. It is hoped that the master plan that is in the works focuses on these and other problems the megacity faces. Perhaps Karachi has suffered over the decades more due to lack of political will to make things better, rather than a lack of funding or planning. Among the many solutions offered is a more responsive local government system, with directly elected officials — from the mayor to local councillors — who can be held to account by the voter for lack of service delivery. The Sindh government often talks of protecting provincial autonomy; yet it should also extend this spirit of devolution to the province's local governments, particularly in urban spaces. As the UN report suggests, "sustainable development requires integrated planning" that coordinates "housing, land use, mobility and basic services". If Karachi is to be transformed into a liveable city, integrating these solutions is essential. But if the same old empty rhetoric and official apathy continue, the megacity may further be disfigured by an exacerbated chaotic urban sprawl and an exploding population in an environment where only the law of the jungle prevails.

GSP-Plus status

WITH a review of actions taken to fulfil Pakistan's commitments under the GSP-Plus preferential tariff scheme around the corner, the authorities may want to put some thought into appeasing the upcoming monitoring mission. EU ambassador Raimundas Karoblis has indicated that Pakistan needs to "do more" to satisfy the requirements set out under the tariff scheme. It seems the mission's focus will be on the country's human rights situation, the death penalty, blasphemy laws, enforced disappearances, minority rights, women's rights, child labour and forced labour. The envoy described the mission's subsequent progress report as "one of the most important sources for assessing the progress and compliance with Pakistani commitments vis- -vis the UN". Of course, as one would expect from a diplomat, the ambassador was quite circumspect on how the EU currently views Pakistan's standing. Nevertheless, it seems that the ruling set-up, which continues to take on an increasingly authoritarian colour, will have many questions to answer.

The Pakistani leadership seems to have had remarkable success so far in persuading US President Donald Trump of their indispensability to his foreign policy goals. It also appears that their ability to influence Mr Trump's opinion has yielded tangible benefits, especially in the form of lifelines being extended for Pakistan's floundering economy. Whether the EU can be just as easily convinced remains to be seen. To be blunt, Pakistan's human and labour rights records have always been sub-par. With the country's justice system now in a shambles, it is uncertain how long it will take for the situation to improve. At stake is the GSP-Plus scheme, which has helped Pakistan more than double its textile exports to the EU. Sadly, it appears that the authorities want to benefit from the scheme without having to show progress in meeting their obligations. It would be better for the government to start worrying more about how its policies may impact the economy in the long run.

BY FAISAL BARI

An economy on the move

Cambodia has focused a lot of resources on rebuilding schools.

LITERACY rates in Cambodia are around 88 per cent. Female labour force participation rates are around 74pc — one of the highest in the region. Contrast this with Pakistan. Our literacy rate is less than 70pc and female labour force participation rates are around 25pc.

Recently, I had an opportunity to visit Phnom Penh, Cambodia, for a four-day conference. Though there was limited opportunity to move around outside due to conference commitments, the city and its people still made quite an impression on me.

As soon as you land in Phnom Penh you realise you are in a country where the public space is shared by men and women almost equally. Women run and own businesses; they manage shops; they do almost all the jobs that are available; they drive cycles, motorcycles, scooters, cars and vans; and they do not have to worry about men staring at them. If you live in Pakistan and are quite used to what happens here, the change seems stark when you enter another country. Of course, for most of the world, it is just normal.

But it is not just that. The quality of service that is provided to you as a customer is quite impressive as well. Tourism is important for the economy, and is one of its larger income generators. The prevailing service orientation helps greatly. Shopkeepers are keen to provide what you are looking for. Hotel staff is courteous and responsive. English is an issue even in Phnom Penh, and most people just about make do, but whether in the tuk tuk (local rickshaw), small shops or in the big hotel where we were staying, I never felt that language was that big an issue. The courteous keenness with which you are listened to and addressed makes up for any language deficiencies quite easily.

Walking in the streets of Phnom Penh gives you an idea of an economy on the move. There is a thriving and expanding tourism industry, and local commerce is doing quite well too. Cambodia still relies a lot on agriculture and textiles (garments) but the economy is moving into industry well. Cambodia is attracting significant foreign direct investment. Investments in infrastructure have also gone up significantly. Recently, there has been talk of offshore oil and gas reserves too.

The picture you get, even with a brief exposure, is of an economy, which though still in the early stages of development, is keen to move forward and is investing in the human resource needed for development. It is starting to establish basic systems and infrastructure for more rapid development and is aiming high. It might well be that within a few years to a decade, people who are currently talking of Cambodia's neighbours such as Vietnam and Thailand will be talking of Cambodia itself. Considering the energy that I witnessed, I would not be surprised at all if that happens. Cambodia has already had many years of 6pc to 8pc GDP growth over the last couple of decades, despite international financial crises, the Covid-19 pandemic, etc.

Do keep in mind where Cambodia is coming from. In 1975-79, when Cambodia had a population of about seven million people, it was in the throes of a genocide that, according to some estimates, killed about 2m Cambodians: almost a quarter to one-third of the total population of the country. And the killings focused on the educated and more well-off people in society. Some estimates say that almost 80pc of teachers were killed in the genocide. Phnom Penh was evacuated completely and city dwellers were moved to rural areas. All schools and universities were closed and destroyed. The intellectuals of the country were killed. For some time, being educated was held against you and could get you killed. Possessing paper and pens or a book was considered to be problematic.

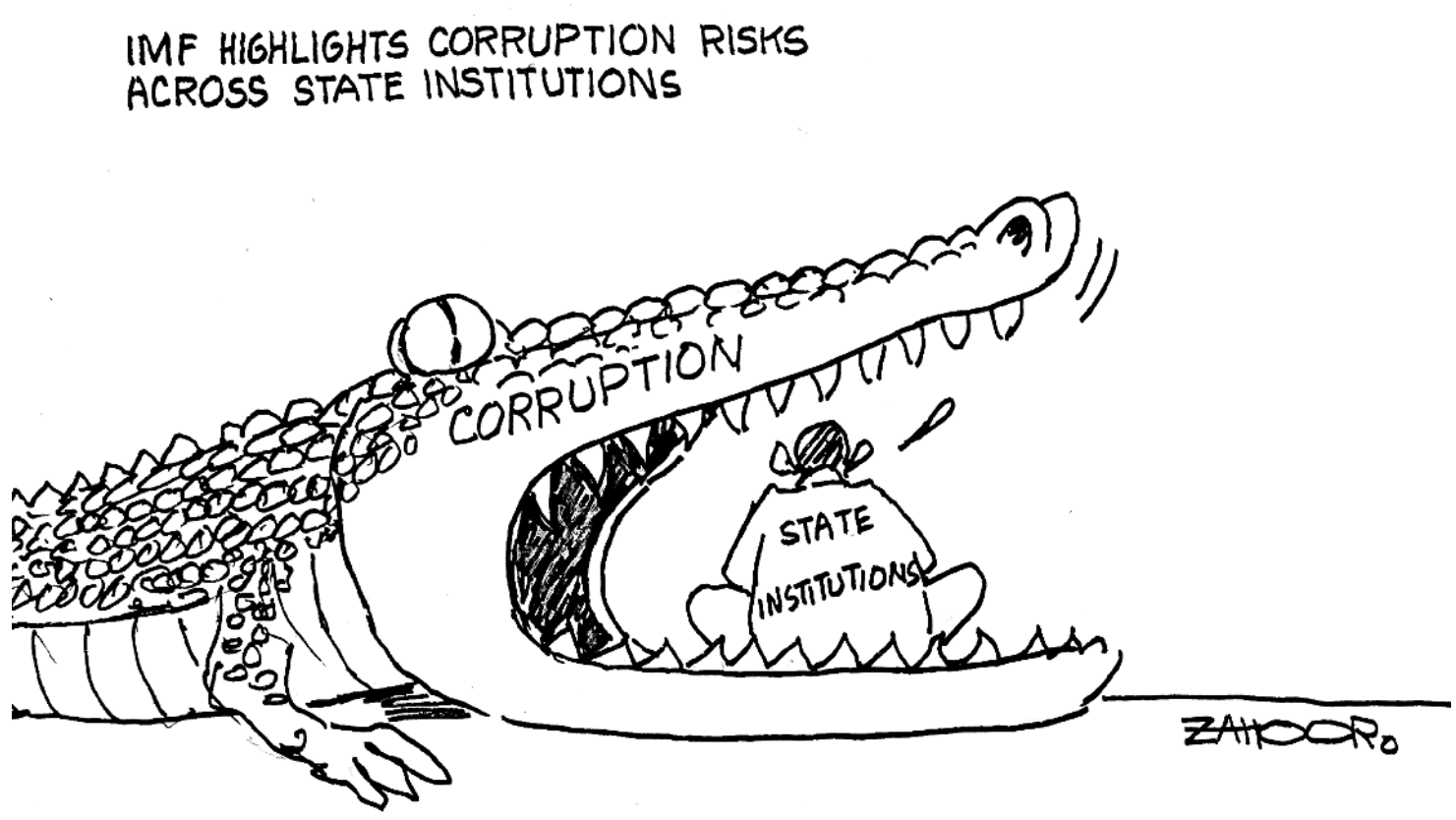
Political instability continued for decades afterwards. It is only over the last 25 to 30 years that Cambodia has seen some political settlement and it is only recently that Cambodians have been able to shift their attention to rebuilding their country and economy.

Cambodia has focused a lot of resources on rebuilding schools. Literacy rates as well as primary level enrolment rates have improved a lot. Both are higher than what we have in Pakistan. But the rate of high school enrolment and completion and tertiary education enrolment is not very high in Cambodia, though they are comparable to Pakistan. There is a gender gap in enrolments and completion as well, but the gap is narrowing faster than it has been in Pakistan.

There is still a lot of work to do. Not all schools, especially those in the rural areas, have adequate infrastructure. There are many schools that still have high school graduates as teachers. The quality of instruction, especially at the high school level, is quite weak and uneven across schools. Tertiary education needs to be developed a lot more. But there are significant investments being made in education and human resource development.

There are still plenty of concerns about institutional stability, policy continuity, corruption and bureaucratic interference in Cambodia. But the country does give the look of an economy and society that is on the move. The people seem hopeful and want to work to do something about the country. The mood, in this sense, is quite different from that of young people in Pakistan. There is no despondency. There is no desire to leave the country in overwhelming numbers. The Cambodians see a future in the local economy. A lot of policy changes over the last 20 years or so have contributed to the creation of this mood and outlook. We, in Pakistan, seem to be moving in the opposite direction. ■

The writer is a senior research fellow at the Institute of Development and Economic Alternatives and an associate professor of economics at Lums.



BY AHMER BILAL SOOFI

UNSC resolution on Gaza

THE UN Security Council Resolution 2803 passed on Nov 17 on Gaza has some noticeable features from the standpoint of international law. Let us take up at least a few.

Firstly, it does not mention the UN Charter's provision under which it is adopted, and this is a deviation from the practice in vogue in the UNSC wherein resolutions mention in their respective preambles the legal provision under which they are enabled. However, when one examines the substance of Resolution 2803, it seems to be in the nature of conferring a mandate on separately negotiated "regional and collective arrangements" by member states of the Middle East, Turkiye, Pakistan, and of course, the US — the lead driver in initiating and pushing through this particular 'regional arrangement'. All this is actually closer to the mandate under Chapter VIII of the Charter — to be more specific, under Article 52 of the said chapter.

So what difference does this make? After all, President Donald Trump and the US administration have received the much-needed mandate from the UN. There was no veto by China or Russia. All OIC states, including Pakistan, have agreed, and those in the UNSC have voted favourably. Clearly, the first and foremost motivation of all Muslim states — and rightly so — was to secure legally what was possible and achievable politically a halt to any further genocide plans and killing of Palestinians.

However, if the resolution is to be taken as being passed under Chapter VIII titled 'Regional Arrangements', then it is submitted that the regional arrangements of neighbouring countries can now have a life of their own. Let's explain this. A regional arrangement of the sort being authorised by the present resolution will be constrained to seek authorisation from the UNSC itself for any enforcement action (read: military action) due to the requirements of Article 53 of the UN Charter. However, what if due to any reason, such as Israeli action or Hamas's defiance, or for that matter if President Trump is no longer in office, the process at the UNSC is stalled? That's when the independent mandate of any existing regional arrangement is resurrected as envisioned under Article 52 of the Charter.

It is striking that Resolution 2803 in its annexed plan assures in paragraph 16 that "Israel will not occupy or annex Gaza". This is an important statement from the sponsors of regional arrangements and is now reflected as a collective position with the consent of Israel. This adds legal clarity and reinforces the most important principle of modern statecraft that the occupation of a territory under international law cannot legitimise title. The entire regional arrangement or a series of them, including measures to create a board of peace and international stabilisation force (ISF), will eventually lead to the gradual withdrawal of the Israeli Defence Forces from Gaza territory.

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One may ask if the resolution contains a roadmap leading to a two-state solution. It does, but not so explicitly as one would want. That process is tied to the reform programme of the Palestinian Authority and the advancement of Gaza's redevelopment plan. It is then that the issue of "Palestinian self-determination and statehood" will be taken up.

Though the regional arrangement under Resolution 2803 is a sort of a detour from the chain of dozens of resolutions on the two-state solution by the UNSC, 2803 does not defy the resolutions and the plans contained in them per se, and instead, notes their existence in the preamble. In other words, this resolution sets up a regional arrangement, sponsored and led by the US, as a parallel regime, arguably also calling for a solution under Chapter VI of the Charter relating to the 'Pacific Settlement of Disputes'. But it cannot be interpreted in any way as to render ineffective the previous proposals for two-state solutions already adopted by UNSC resolutions, including 242 and 1397 among several others.

The setting up of the ISF mandate under Resolution 2803 is also unique because it will be installed with the consent of both Israel and Egypt. It is initially for two years, but the period is extendable. It is to "use all necessary measures to carry out its mandate *consistent with international law including international humanitarian law* [emphasis added]". As things move forward, one foresees a tense moment amongst ISF commanders debating the limits or extent of the mandate, particularly if there are incidents such as defiance by Hamas or Israeli bombing. It must be known clearly that when the ISF is in place, Israel's 'right' to use force in an area of ISF mandate is forfeited. That will actually increase manifold the responsibility of the ISF to maintain security and peace in the region.

The plan annexed to Resolution 2803 makes a very interesting mention of what is referred to as "interfaith dialogue" to "try and change mindsets and narratives of Palestinians and Israelis". As we know, the Palestinian narrative is primarily drawn from the modern international law principle of self-determination and the right to resist occupation as recognised by the UN itself all along. On the other hand, the Israeli narrative is based, inter alia, on an ancient biblical covenant of the promised land as a justification for a 'Greater Israel'.

It will be interesting to see how the US, through interfaith dialogue, is able to make Israel understand that notwithstanding which religion dominated which area in the past or which nation was allowed permission to enter or use land resources, it is now the UN Charter that can override religious or cultural narratives as the prevailing law today to determine mutual relations, the legitimate means of adding to existing territories and to ensure respect for state boundaries. ■

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